



ACTION MEMORANDUM

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Feb. 16, 1981

(REVISED 2/17/81)

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TO: The Secretary

THROUGH: T - Senator Buckley

FROM: NEA - Peter D. Constable, Acting
PM - Richard Burt

SUBJECT: Security Assistance for Pakistan

SUMMARY:

Prospects for getting substantial security assistance funding for Pakistan into the FY 82 budget amendment are not promising. Since the lack of a budget request for Pakistan will soon become public, we need your guidance on a strategy for managing our relations with Pakistan to avoid a renewal of last year's recriminations when resources failed to match strong public rhetoric. We recommend an approach including five elements:

- Lifting of Glenn/Symington sanctions;
- Laying down a public marker in your testimony to the Congress on our intent to include aid for Pakistan in a Southwest Asian supplemental;
- Increasing the MAP contingency fund by \$50 million to \$150 million with Pakistan's needs in mind.
- Seek Pakistan's understanding (through the Zia-Hummel dialogue and a Shahi visit here) on the shape and size of an FY 82 package;

U. S. Interests:

Pakistan is a front-line state under heavy Soviet pressure. Its national integrity and its anti-Soviet

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posture are critical to our larger interests in the region. [

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In addition, the Saudis and other regional moderates see our support for Pakistan as a key indicator of our commitment to regional security. Bill Casey is briefing you separately on the implications for the Afghan resistance.

Our credibility, fourteen months after the Soviet invasion, is low, but Pakistani expectations of the new Administration are high. We do not have much latitude for delay since the atmosphere could quickly sour. The fundamental issue is, of course, resource availability.

THE ISSUES:

Size of Package:

There are several yardsticks against which our offer will be measured:

-- It must be substantially in excess of the \$400 million offered last year [

] and meet real resource needs;

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-- The military component must be credible given Pakistan's massive and legitimate needs for systematic modernization of its obsolete weaponry and its need to fill defensive gaps on the Afghan frontier;

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These yardsticks point to a package averaging roughly \$750 million a year for several years, including both ESF and FMS credits. Given the structure and size of Pakistan's debt burden, a significant portion of any FMS program should be direct (concessionary) credits. An offer much less would risk a repetition of the "peanuts" debacle.

Security Assurances:

Pakistan badly wants stronger security assurances as well as substantial assistance. [

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We will want to look at ways to strengthen the credibility of our security commitment, but that should probably come in the context of our Southwest Asia security strategy. For now, though, there does not appear to be a real trade-off between assurances and assistance.

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Whatever is decided on timing of an aid request, we should immediately seek to lift the Glenn/Symington sanctions along with other legislative changes now going forward with the budget amendment. Clearing the decks legally will be useful in convincing the Pakistanis of our seriousness if resources seem sure to follow. Moreover, such legislative action would permit an early resumption of some grant IMET training through reprogramming--a small gesture, but one of considerable significance to a martial law regime.

Military Modernization:

The Pakistanis want to make their own decisions on priorities (as well as sources of supply) for modernizing their highly professional but ill-equipped armed forces. Their legitimate needs run to several billion dollars, but they recognize the need for tough choices within financial limits.

[We need to respond to Zia's inquiry about availability of high performance aircraft including the F-16. (Carter had indicated our willingness to sell the latter.)

Other Donors:

] The Pakistan Aid Consortium (Western Europe, Japan, and the international banks) at our behest has increased economic aid to about \$965 million this year, and cannot realistically be expected to do substantially more. [

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That you approve the above strategy for Pakistan. (NEA, PM, S/P support; H supports with reservation noted above).

Approve _____ Disapprove _____

Alternatively, that the above strategy be revised so that legislative action on Glenn/Symington would be taken concurrent with our security assistance supplemental (OES supports).

Approve _____ Disapprove _____

Drafted by: NEA/PAB:RAPeck:rms
2/16/81 Ext. 20353

Clearance: S/P - Mr. Kaplan
H - Mr. Flaten
OES - Mr. Pickering

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